
HOUSE BILL 3234

State of Washington 60th Legislature 2008 Regular Session

By Representatives Green, Darneille, Sullivan, Wood, Ormsby, Hasegawa, Pettigrew, McIntire, Appleton, Hunt, Moeller, Morrell, Rolfes, Dunn, Roberts, Sells, Simpson, Conway, O'Brien, Santos, Campbell, Liias, VanDeWege, Loomis, Kagi, Dickerson, and Nelson

Read first time 01/25/08. Referred to Committee on Finance.

1 AN ACT Relating to providing a tax exemption for working families
2 measured by the federal earned income tax credit; adding a new section
3 to chapter 82.08 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that many Washington
6 families have income that is too low to afford the high cost of health
7 care, child care, and work-related expenses. Lower-income families pay
8 a higher percentage of their income in state and local taxes than do
9 higher-income families. The legislature finds that higher-income
10 families are able to recover some of the sales and use taxes that they
11 pay to support state and local government through the federal income
12 tax deduction for sales and use taxes, but that lower-income people,
13 who are not able to itemize, receive no benefit from this deduction.
14 Therefore, it is the intent of the legislature to provide a sales and
15 use tax exemption, in the form of a remittance, to lower-income working
16 families in Washington.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
18 to read as follows:

1 (1) A working families' tax exemption, in the form of a remittance,
2 is provided to eligible low-income persons for sales taxes paid under
3 this chapter.

4 (2) For purposes of the exemption in this section, an eligible low-
5 income person is:

6 (a) An individual, or an individual and that individual's spouse if
7 they file a federal joint income tax return;

8 (b) Who is eligible for, and is granted, the credit provided in 26
9 U.S.C. Sec. 32, in an amount of at least one hundred dollars; and

10 (c) Who properly files a federal income tax return as a Washington
11 resident, and has been a resident of the state of Washington more than
12 one hundred eighty days of the year for which the tax return was filed.

13 (3) The working families' tax exemption is a retail sales tax
14 exemption equal to ten percent of the credit granted as a result of 26
15 U.S.C. Sec. 32 for the prior year.

16 (4) The working families' tax exemption shall be administered as
17 provided in this subsection.

18 (a) An eligible low-income person claiming an exemption under this
19 section must pay the tax imposed under chapters 82.08, 82.12, and 82.14
20 RCW. The eligible low-income person may then apply to the department
21 for the remittance as calculated under subsection (3) of this section.

22 (b) Application shall be made to the department in a form and
23 manner determined by the department, but the department must provide
24 alternative filing methods for applicants who do not have access to
25 electronic filing.

26 (c) Application for the exemption remittance under this section
27 must be made in the year following the year for which the federal
28 return was filed, but in no case may any remittance be provided for any
29 period before January 1, 2008. The department shall begin accepting
30 applications July 1, 2009.

31 (d) The department shall review the application and determine
32 eligibility for the working families tax exemption based on information
33 provided by the applicant and through audit and other administrative
34 records, including, when it deems it necessary, verification through
35 internal revenue service data.

36 (e) The department shall, on a quarterly basis, remit the exempted
37 amounts to eligible low-income persons who submitted applications

1 during the previous quarter. Remittances may be made by electronic
2 funds transfer or other means.

3 (f) The department may, in conjunction with other agencies or
4 organizations, design and implement a public information campaign to
5 inform potentially eligible persons of the existence of and
6 requirements for this exemption.

7 (g) The department may contact persons who appear to be eligible
8 low-income persons as a result of information received from the
9 internal revenue service under such conditions and requirements as the
10 internal revenue service may by law require.

11 (5) The provisions of chapter 82.32 RCW apply to the exemption in
12 this section.

13 (6) The department may adopt rules necessary to implement this
14 section.

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